

In the Matter of Interest Arbitration

Between

DUBUQUE COUNTY ("County")

and

TEAMSTERS LOCAL UNION 421 ("Union")

*
* CEO#s 777 and 227
* Courthouse/Library and
* Assessor Office Units
*
* **Interest Arbitration Award of:**
*
* Lon Moeller, Arbitrator
*

Preliminary Statement

This is an interest arbitration proceeding under Iowa Code §20.22 involving two of the County's bargaining units: Courthouse/Library (46 bargaining unit employees) and Assessor Office (four bargaining unit employees). The County and Union entered into an independent impasse agreement which included fact-finding and culminated in interest arbitration. An interest arbitration hearing was held on June 27, 2008 at the Regional Emergency Responder Training Facility in Dubuque, Iowa.

Appearances

For the County:

Mary Ann Specht, Personnel Director and Spokesperson

For the Union:

Jill M. Hartley, Attorney and Spokesperson
John W. Rosenthal, Union Vice-President
Theresa Doerr, Child Support Officer
Tammy Henry, General Assistance Case Worker

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I. Final Offers

A. County

1. One year contract for FY 09
2. 3.5% wage increase
3. Fact Finder's Recommendation for CSRU employees
4. 2% employee cost share through pre-tax payroll deduction per attached beginning January 1, 2009
5. Tentative Agreements are final

B. Union

1. Article 22 Wage Plan
Effective July 1, 2008 increase wages 3%
2. Wage scale for Child Support Recovery Unit

Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Child Support Officer	\$20.05	\$20.38	\$20.71	\$21.04	\$21.37	\$21.70	\$22.03
Clerk IV	\$15.49	\$15.84	\$16.19	\$16.54	\$16.89	\$17.14	\$17.60
Clerk III	\$14.52	\$14.88	\$15.24	\$15.60	\$15.96	\$16.32	\$16.69
Clerk II	\$14.09	\$14.44	\$14.79	\$15.14	\$15.49	\$15.84	\$16.20

(Add the 3% to these figures effective July 1, 2008)

3. Article 17 Health Insurance
County continues to pay the full premium cost for family and single coverage for all eligible for the life of Agreement
4. Article 30 Duration
1 year agreement, July 1, 2008 through June 30, 2009

II. Discussion and Analysis

This interest arbitration centers on the parties' fiscal year 2009 (July 1, 2008 – June 30, 2009) collective bargaining agreement. The County and Union stipulated that there are two impasse items before the Arbitrator: insurance and wages.

On the insurance impasse item, the County proposes changing the insurance language to include a 2% employee cost share of the health and dental insurance premiums by pre-tax payroll deduction starting on January 1, 2009. The Union proposes maintaining the current insurance language.

There are two proposals under the wages impasse item: (1) the parties' proposed changes to the wage scale for the four County employees working in the State Child Support Recovery Unit; and (2) the across-the-board wage increase – 3% for the Union and 3.5% for the County.

In support of its arguments, the parties relied on the statutory criteria of Iowa Code §20.22 (9) and specifically the following:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.

The parties' arguments and my conclusions concerning the impasse items of insurance and wages are set forth below.

Insurance

County's Position

The County offers dental insurance coverage through Delta Dental and health insurance coverage through three health insurance plans: Wellmark Blue Cross/Blue Shield, Medical Associates HMO and United Health Care HMO. It pays 100% of the premium cost for its dental and health plans.

The monthly employee cost of the County's 2% cost sharing proposal would be as follows:¹

Insurance Plan	Single Coverage	Family Coverage	Employee and Spouse Coverage	Employee and Children Coverage
Wellmark Blue Cross/Blue Shield	\$9.96	\$22.35	N/A	N/A
Medical Associates HMO	\$10.86	\$28.02	\$23.91	\$19.79
United Healthcare HMO	\$10.65	\$27.47	\$23.44	\$19.42

The County emphasizes that it has taken the position of negotiating changes to the current insurance program on a "bargaining unit by bargaining unit basis." Working with the ad hoc insurance committee over the years to identify cost-saving measures has met with limited success. Fact-Finder Nathan went so far as to describe the insurance committee as "moribund" (Fact-Finder's Report, p. 3).

The County points out that its 2% cost sharing proposal will be implemented on January 1, 2009 for the County's non-union employees and that the County's largest bargaining unit – the Sunnycrest Manor Nursing Home and its 100 bargaining unit employees – agreed to this same change to their insurance language through voluntary negotiations.² The County adds that its

¹ This chart is based on the data found in County Exhibit 3-6. The employee cost share of the three different health insurance plans includes premium cost sharing amounts for Dental Delta coverage. The total premium cost for Delta Dental single plan coverage is \$27.59 and \$63.04 for family plan coverage.

² The Sunnycrest Manor voluntary settlement with the County is a three-year agreement: FY 09 – 3.5% wage increase; 2% insurance cost sharing as of 1-1-09; FY 10 – 3.5% wage increase; 3% insurance cost sharing as of 7-1-09; and FY 11 – 4% wage increase; 4% insurance cost sharing as of 7-1-10 (County Exhibit 1-3).

“100%-paid” insurance plan – compared to other counties³ – “is the best plan,” with no deductibles or employee cost sharing. Only one of the comparables (Clinton County) does not require employee cost sharing for premium costs; however, Clinton County still requires its employees to pay up-front deductibles (County Exhibit 3-4).

The County also points out that the rate of medical inflation has been “huge” over the years. From fiscal year 1996 through fiscal year 2009, the County has absorbed premium increases for its various insurance plans ranging from a low of approximately 50% for single plans to a high of approximately 156% for a family plan (County Exhibit 3-2). Its annual insurance cost increased during fiscal year 2008 by 7.19% and will increase again by 4.49% in fiscal year 2009 to a level in excess of \$4.8 million (County Exhibit 3-3). The County further notes that its insurance costs may increase as a result of recent changes in Iowa law that will allow dependents to stay on a family insurance plan up until age 25.

Acknowledging arbitral precedent, the County maintains that its proposed change to the insurance *status quo* is supported by a *quid pro quo*. The *quid pro quo* offered by the County is an additional one-half of one percent on its across-the-board wage increase. This is the same *quid pro quo* recommended by Fact-Finder Yaeger in his May 23, 2008 Fact-Finding Report involving the County’s Deputy Sheriff’s Association to support a 2% cost sharing proposal. It sees the additional .5% wage increase as worth, based on average actual wage rates, \$172.02 (County Exhibit 3-7). The employee cost of the County’s insurance proposal will range – depending on the employee’s health insurance plan – from \$59.76 to \$168.12 (*Id.*).

In summary, the County maintains that its 2% cost share proposal, as opposed to flat dollar amounts for employee premium contribution, is equitable given the fact that it offers three different health insurance plans to bargaining unit employees. This will be done through pre-tax payroll deduction, which will afford bargaining unit employees a “substantial” tax benefit “due to the gross earnings being reduced, therefore potentially reducing federal and state taxes.” The public interest and welfare requires that the County address its ever-increasing insurance costs. The County’s insurance proposal, in its view, will give bargaining unit employees greater incentive to work with the County to control these costs.

Union’s Position

The Union initially offers the following counties as its group of external comparables: Black Hawk, Clinton, Johnson, Linn, Polk, Pottawattamie, Scott and Woodbury (Union Exhibit 7). It points out that only one of the external comparables – Polk County – requires employee premium contribution on a percentage basis. Polk County employees enrolled in the family plan must pay 20% of the premium cost difference between the single and family plans (Union Exhibit 9). Of the County’s seven bargaining units, only the Sunnycrest Manor employees represented by AFSCME have agreed to the County’s 2% cost sharing insurance proposal. Arbitrator Michelstetter rejected the County’s 2% cost sharing insurance proposal in a June 24,

³ For its external comparables, the County looks to the 11 largest (measured by total population and including Dubuque) counties in Iowa: Polk, Linn, Scott, Black Hawk, Johnson, Woodbury, Dubuque, Pottawattamie, Story, Dallas and Clinton (County Exhibit 1-4).

2008 interest arbitration award involving the County's Secondary Roads bargaining unit (Union Exhibit 4a). The rest of the County's bargaining units are in arbitration for fiscal year 2009.

Next, the Union maintains that these bargaining unit employees have taken lower wage increases over the years in order to keep the insurance *status quo*. It also notes that in past years, the County has made use of the insurance committee – comprised of union and non-union employees – to explore ways to reduce insurance costs. General Assistance Case Worker Tammy Henry testified that the insurance committee recommended changes to the insurance plan (a \$10 office co-pay, a \$75 co-pay for emergency room visits and increased co-pay amounts for prescription drugs) that the County implemented for fiscal year 2007 and resulted in a 3.03% decrease in insurance costs (County Exhibit 3-3).

Lastly, the Union claims that the County's proposed one-half of one percent *quid pro quo* is insufficient to justify such a significant change to the negotiated insurance language. It points out that the wage increase generated by an additional .5% will not cover the cost increase of the 2% employee premium contribution for all bargaining unit employees given the different premium amounts of the County's three insurance plans. The Union questions the County's calculation that the additional one-half percent will equate to \$172.02 (County Exhibit 3-7) since that calculation was based on the assumption that bargaining unit employees work 2,080 hours per year. County Exhibit 3-1 – revised to show annual work hours – demonstrates that many of the bargaining unit employees work 1,950 hours per year.

Conclusion

The County is proposing what some arbitrators refer to as a “break through” change in its current insurance language. It has the burden to show that (1) there is a compelling need to change the insurance language, (2) its 2% cost sharing proposal is a reasonable approach – based on internal and/or external comparisons – to the problem of increasing insurance costs and (3) this proposal is supported by an appropriate *quid pro quo*.

The parties' past collective bargaining agreements show that the County has long paid 100% of the health and dental insurance premiums for its bargaining unit employees. Employees in the two bargaining units involved here have apparently accepted lower wage increases over the years as a trade-off for maintaining the 100% County paid insurance program. As a result of this negotiated insurance language, the County has absorbed significant insurance premium increases. The County Board has the obligation to make sure taxpayer dollars spent on employee benefits are well spent.

Since only the Sunnycrest Manor bargaining unit has agreed to the County's 2% cost sharing proposal, there is no pattern established among the County's bargaining units to support its proposal. External comparables, on the other hand, show the trend away from 100% employer-paid insurance towards some type of employee cost sharing measures. With the exception of Clinton County (and possibly Woodbury County)⁴, Dubuque is the only county

⁴ County Exhibit 3-4 shows that Woodbury County requires a \$7.50 employee contribution for single health insurance coverage and a \$17.74 employee contribution for family health insurance coverage while Union Exhibit 9 reports no employee contribution for single or family health insurance coverage for Woodbury County.

among the comparables that does not require any employee health insurance premium contribution. To that extent, the insurance *status quo* is inconsistent with a trend towards employee insurance premium contributions seen in both the private and public sector.

Comparisons with other counties also show, however, that the approach the County has taken here – a percentage-based employee contribution for both health and dental insurance premiums – is not supported by the agreed-upon external comparables. Only Polk County, which is over four times as large as Dubuque County, requires employee premium contributions based on percentages, and even then it only does so for bargaining unit employees who enroll in the family plan. The external comparables also show that changes to the County's deductibles and co-pay amounts as well as proposing employee health insurance premium contributions based on a flat dollar amount (particularly for family plan participants), would have been a more reasonable "foot-in-the-door" way to change its negotiated insurance language than the percentage-based employee contribution included in its final offer. This more reasoned approach would have been appropriate given the County's 4.49% premium increase for fiscal year 2009 and insurance comparisons with the agreed-upon external comparables.

A one-half of one percent wage increase is also not, for several reasons, an equitable *quid pro quo* to support the "radical change"⁵ called for by the County's proposed 2% premium cost sharing proposal:

- The one-half of one percent increase constitutes a small wage bump in exchange for a proposal that will have long-standing consequences for bargaining unit employees each time health and dental insurance premiums increase.
- Arbitrator Michelstetter found the same one-half of one percent increase as "not an equivalent or greater *quid pro quo*" (Union Exhibit 4a, p. 7) necessary to support the County's 2% cost share proposal to the Secondary Roads bargaining unit.
- While Fact-Finder Yaeger suggested a one-half of one percent wage increase for the Deputy Sherriff bargaining unit was an appropriate *quid pro quo* for a 2% cost sharing proposal, the County admits that the Deputy Sherriff wage rates are higher than the wage rates paid to the bargaining unit employees involved in this proceeding. In addition, Fact-Finder Yaeger noted that "the County has had a history, at least since 2002, of granting larger wage increases in this bargaining unit [Deputy Sheriffs] than in its other bargaining unit" and recommended that the Deputy Sherriff bargaining unit receive a 6% across-the-board wage increase for fiscal year 2009 (*Dubuque County and Dubuque County Deputy Sherriff's Association*, Fact-Finder's Report, p. 11).

Based on this record, and in light of the statutory criteria of Iowa Code §20.22(9), the Union's final offer on the insurance impasse item is the more reasonable of the parties' final offers.

⁵ As stated by Fact-Finder Nathan: "I agree with the Union that a percentage contribution is too radical of a change to be awarded by a neutral given the parties' bargaining history" (Union Exhibit 3, p. 7).

Wages

Proposed Changes to the Child Support Recovery Unit Wage Scale

County's Position

The County acknowledges that its employees working in the Child Support Recovery Unit are not paid as well as the State employees working in the Child Support Recovery Unit. It claims, however, that the Union's proposal does not amount to a reasonable change to the wage scale. Instead, the County's proposal is based on Fact-Finder Nathan's recommendation of increasing the steps on the wage scale for the Clerk positions by .50 per hour and increasing the steps on the wage scale for the Child Support Officer by \$1.00 per hour (Fact-Finder's Report, p. 16). The County notes that its employees in the Child Support Recovery Unit receive better fringe benefits than their State counterparts – four additional paid holidays and no cost sharing for health and dental insurance (County Exhibit 5-9) – and that the County's maximum wage rates are comparable to other counties (Johnson and Linn) that have similar child support recovery interagency agreements with the State of Iowa (County Exhibit 5-4).

Union's Position

The Union's proposal is designed to address the wage disparity between County and State employees – performing the same type of work, working under the same supervisors and working the same hours – in the Child Support Recovery Unit. It emphasizes that the proposed changes to the wage scale will not, however, place the County employees at the same wage rate as the State employees. The Union acknowledges that State employees contribute toward the premium cost of their insurance coverage. It, therefore, proposed wage rates that account for the fact that County employees – unlike the State employees in the Child Support Recovery Unit – do not contribute towards the cost of their insurance coverage.

Next, the Union points out that the four employees affected by the proposed wage reclassification will not receive a windfall. Article 8 – POSITION VACANCIES AND LAYOFF PROCEDURE, Section 5 provides that “[u]pon promotion, an employee will be placed in the step of the new pay range which will provide at least twenty-five (\$.25) per hour increase” (Union Exhibit 6, p. 5). The Union maintains that this .25 cap has been followed in the past when employees were placed in new wage scale levels/classifications. General Assistance Case Worker Tammy Henry testified that her job was reclassified during the parties' last round of contract negotiations. She went from step 7 on her old level on the wage scale to step 1 on the new level. Under its proposed reclassification of the Child Support Recovery Unit wage scale, bargaining unit employees will thus be placed on the step that guarantees them a .25 hourly wage increase. A Child Support Officer at step 7 of the current Child Support Recovery Unit wage scale (\$19.08), for example, will be placed at step 1 (\$20.05) on the Union's proposed wage scale.

Lastly, the Union maintains that its proposed change to the wage scale for County employees working in the Child Support Recovery Unit will not pose an additional cost to the

County since the four County employees working in the Child Support Recovery Unit are “essentially subcontracted to the State and the State reimburses the County for their wages.”

Across-the-Board Wage Increase Proposals

County's Position

The County points out that the bargaining unit employees involved in this matter generally receive wages that are consistent with comparisons with other Dubuque County employees and with employees performing similar work in other counties. The average court/clerical wage rate for Dubuque County, for example is \$16.54 which is considerably higher than the external comparable average of \$16.02 (County Exhibit 3-2). During the period of 2002-2008, the average percentage wage increase for bargaining unit employees in the Courthouse (3.29%) tracked the average percentage wage increase for Dubuque County employees (3.4%) (County Exhibit 3-3). Average percentage wage increases for these two bargaining units, since 2002 (3.33%), have also far exceeded increases in the CPI (2.6%) and Social Security COLA (2.65%) (County Exhibit 3-9B).

Next, the County maintains that wage rates in Dubuque County have long been driven by the recommendations of the Compensation Board. For fiscal year 2009, the Compensation Board recommended a 3% wage increase (County Exhibit 3-5). The Sunnycrest Manor bargaining unit voluntarily agreed to a 3.5% wage increase for fiscal year 2009. The County's proposed 3.5% across-the-board wage increase for fiscal year 2009 includes a .5% *quid pro quo* for its proposed changes to the insurance language.

Union's Position

The Union maintains that its “modest” 3% across-the-board wage increase is based on the Compensation Board's 3% recommendation and reflects the changes that it has proposed to the wage scale for the County's employees working in the Child Support Recovery Unit. A 3% across-the-board wage increase, according to the Union, is supported by both internal and external comparisons. The County's non-union employees and elected officials will generally receive between 3% and 3.32% wage increases for fiscal year 2009 (Union Exhibit 4b). Arbitrator Michelstetter selected the Union's 3.25% across-the-board wage proposal in an interest arbitration involving the County's Secondary Roads bargaining unit (Union Exhibit 4a). Wage settlements among the external comparables for the 2008 contract year range from 3% to 5% (Union Exhibit 8).

Conclusion

The County's four County Child Support Recovery Unit employees fall into three job classifications: Clerk III (one employee), Clerk IV (one employee) and Child Support Officer (two employees). The job descriptions offered by the County (County Exhibits 5-2 and 5-3) and the testimony of Child Support Officer Theresa Doerr, demonstrate that the State employees and County employees working in the Child Support Recovery Unit are generally “interchangeable.”

All four County employees in the Child Support Recovery Unit are at the maximum step (step 7) of the wage scale.

The wage disparity found in the Child Support Recovery Unit is caused by the difference between the wage rates paid by the County compared to the wage rates paid by the State to employees doing essentially the same work. The most important comparison is, therefore, between the County employees and State employees working in the Child Support Recovery Unit.

Fact-Finder Nathan noted that the lack of wage parity between the County and State employees in the Child Support Recovery Unit explained the "morale problems evident from the Union's presentation" (Union Exhibit 3, p. 16). He acknowledged that the Union's proposal would be "cost-free for the County" (*Id.*) since the State reimburses the County for its direct and indirect costs (County Exhibit 5-1, p. 7). Fact-Finder Nathan further added that "there is no indication in the record that to make the adjustments sought by the Union might jeopardize the entire system and cause the State to cancel the arrangement" (Union Exhibit 3, p. 16).

The parties agree that something needs to be done with the Child Support Recovery Unit wage scale. Of the two proposals, the Union's approach will do more to eliminate the wage disparity between the State and County employees while acknowledging that County employees should not be raised to the exact level of the State employees because State employees contribute towards the cost of their insurance coverage.

Turning to the across-the-board wage increase, seven of the parties' agreed-upon external comparables have settled for the 2008-09 contract year: Black Hawk, Johnson, Linn, Polk, Pottawattamie, Scott and Woodbury. The average wage increase among this group of comparable counties is 3.68% (Union Exhibit 8).

External comparisons on the question of an appropriate across-the-board wage increase are, however, less important in this case because of the specific nature of the parties' final offers. The Union's 3% across-the-board wage proposal is discounted, by its account, for the additional change it proposes in the Child Support Recovery Unit wage scale. Likewise, the County's 3.5% proposed across-the-board wage increase includes an additional .5% *quid pro quo* for its 2% insurance cost sharing proposal.

Backing out the County's proposed *quid pro quo* of an additional one-half percent, the County's across-the-board wage proposal amounts to the same 3% across-the-board wage increase proposed by the Union. The County proposed a 3% across-the-board increase for fiscal year 2009 in fact-finding.

Internal comparisons favor a 3% across-the-board wage increase. The Compensation Board recommended a 3% wage increase for the County's elected officials and non-union employees. Secondary Roads bargaining unit employees were awarded a 3.25% across-the-board wage increase for fiscal year 2009 by Arbitrator Michelstetter with no change to their insurance language. A review of the parties' past wage settlements likewise shows that in four

of the last seven contract years, the parties have agreed upon a 3% across-the-board wage increase (County Exhibit 3-3).

Based on this record, the Union's final offer on the wages impasse issue – its proposed changes to the wage scale for the County employees working in the Child Support Recovery Unit and a 3% across-the-board wage increase – is the more reasonable of the final offers and best satisfies the statutory criteria of Iowa Code §20.22(9).

III. Award

For the reasons set forth above, the Union's final offer is awarded on the insurance impasse item and on the wages impasse item.


Lon Moeller, Arbitrator

Dated at Iowa City, Iowa this
7th day of July 2008

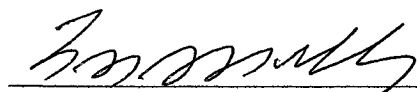
CERTIFICATE OF SERVICE

I certify that on the 7th day of July, 2008, I served the foregoing Award of Arbitrator upon each of the parties by mailing a copy to them at their respective addresses as shown below:

Jill M. Hartley
Previant, Goldberg, Uelmen, Gratz, Miller & Brueggeman, S.C.
1555 North RiverCentre Drive, Suite 202
Milwaukee, WI 53212

Mary Ann Specht
Personnel Director, Administrative Assistant to the Board
The County of Dubuque
720 Central Avenue
Dubuque, IA 52001

I further certify that on the 7th day of July, 2008, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.


Lon Moeller, Arbitrator